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30 November 1953

MEMORANDUM FOR: Chief, Budget Division

SUBJECT : Report on Trip by Auditor-in-Chief

1. I have read the report of the Auditor-in-Chief, dated 6 November 1953, with particular attention to those portions dealing with budgetary and control activities.
2. I have been aware for some time of the problems with which the report deals and have some fairly specific conclusions with regard to their treatment.
3. It seems to me that the fundamental problem to be solved is one which would provide the field stations with a uniform, simple Allotment Control Procedure (similar to that now in use by the Headquarters element of DD/P). It is recognized that the issuance to and application of such a procedure for the field stations is chiefly limited by the ability to overcome certain problems of cover and security. However, I believe that the preparation and issuance of such a procedure at the earliest possible date is of utmost importance.
4. When such a procedure is ready for installation, representatives of the Comptroller's Office, familiar with the DD/P budget and fiscal activities, should be sent to the field to insure proper establishment of the record. In addition, it would be of inestimable value to the field to have these representatives remain available at close hand for sufficient time to follow-up on operating problems and any questions which were not at first apparent. This could be accomplished by stationing these representatives at central points overseas, subject to call or available on a periodic inspection basis until it became clear that such guidance was no longer needed. Even if this involved a year or two, I am convinced that it would be distinctly worth the cost.
5. When such a stage is reached it would then seem logical to allot directly to field stations that portion of

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the program and project funds for which obligation will be incurred in the field and to the Division Headquarters that portion withheld by them for Headquarters obligations. This would eliminate the necessity for the Division Headquarters to maintain complete detailed records as they now do for the portion of funds which they currently sub-allot to the field stations.

6. This method is predicated on the understanding that obligation reports from the field regarding allotments received by them would be forthcoming regularly and on time.

7. While some of the field stations have participated to a limited degree in the preparation of operating programs and projects, I do not believe that such activity has been general in any sense. It seems to me that field stations should be the source, subject to review at Headquarters, of the basic data which finds its way into the operating program and projects.

8. The question of authority of the field stations to initiate and activate projects within a program limitation given them, presents another basic problem. For such action by the field station to have merit would require that long range and specific planning would have been accomplished based upon the field station's presentation of program and budgetary data at regular intervals with subsequent review and over-all approval by Headquarters. This would preclude the initiation of unrelated or inconsistent activities in the field.

9. More specifically, the method now followed by the FI Staff, which requires specific approval at Headquarters of every project, even though allotments are made in lump sums at the country level for FI Operations, would have to be discontinued.

10. Furthermore, with regard to larger [redacted] projects it would be necessary to ascertain that the field was in complete possession of planning and policy determinations before such authority could properly be released to them.

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11. I agree that sterilized versions of approved Administrative Plans should be made available to the field stations since they constitute special regulations applicable to the particular projects involved.

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[redacted]
Budget Branch